

Introduced by Senator Hueso

February 21, 2014

An act to add Article 3.8 (commencing with Section 22390) to Chapter 2 of Division 9 of the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

SB 1280, as introduced, Hueso. Department of Business Oversight: unsecured consumer loans.

Existing law, the California Finance Lenders Law, provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight and makes a willful violation of its provisions a crime. Existing law regulates the terms and conditions under which a lender may make consumer loans. Under existing law, "consumer loan" means a loan, whether secured by either real or personal property, or both, or unsecured, the proceeds of which are intended by the borrower for use primarily for personal, family, or household purposes.

Existing law, until January 1, 2018, establishes the Pilot Program for Increased Access to Responsible Small Dollar Loans for the purpose of allowing greater access for responsible installment loans in principal amounts of at least \$300 and less than \$2,500.

This bill would require the Department of Business Oversight to establish a licensure program for the provision of unsecured consumer loans in an amount up to \$1,000, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 3.8 (commencing with Section 22390) is
2 added to Chapter 2 of Division 9 of the Financial Code, to read:

3
4 Article 3.8. Unsecured Consumer Loans
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6 22390. (a) The Department of Business Oversight shall
7 establish a licensure program for the provision of unsecured
8 consumer loans in accordance with this article.

9 (b) The principal amount of a loan made under this article shall
10 not exceed one thousand dollars (\$1,000).

11 (c) The program established under this article shall be designed
12 to ensure that the loan product allows the licensee to receive a
13 reasonable return on its investment, taking into account the needs
14 of the consumer.